

# SALES TRAINING BEST PRACTICES



**NewLeaf**  
**PARTNERS**

A joint research study conducted  
by Ronin Enterprises and NewLeaf Partners

**Note:** Twelve companies were interviewed, researched,  
or studied in the course of this report.  
For confidentiality, actual company names have been omitted.

## Executive Summary

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In today's competitive business-to-business selling environment, "sales training" is no longer simply about "sales" – generating customer revenue. Competitive success relies on the ability of the entire sales organization to meet the complex, often unique business needs of individual customers. Competitive success is measured in new ways too – not merely numbers that reflect revenue volume, but on the growth of sustainable profits from long-term, high value, loyal customers. "Training" has gone through a similar metamorphosis from brief, instructor-led classroom experiences to a complex, integrated approach that leverages both "high tech" knowledge and learning systems and "high touch," experiential mastery and team development – supported by personal coaching and mentoring.

**Best Practices Findings** An analysis of industry leaders reveals the following current and emerging best sales practices and salesforce learning initiatives:

- Development of salespeople as business consultants and customer advocates.
- An ongoing diversification of the salesperson's role as companies pursue multiple distribution channel strategies.
- Imperative for on-going learning and continuous improvement as a way of life.
- Evolution of the sales manager as coach, not record keeper.
- Evolution of selling as a team, rather than an individual endeavor.
- Value of merged learning strategies that leverage the best of Web-based training with high value person-to-person learning such as simulations, action learning and mentoring.
- Critical importance of developing Web-based knowledge systems that provide instant, timely access for salespeople and customers to critical product and process information.
- Importance of differentiation based on value created for customers.
- A fundamental strategic and tactical change in sales emphasis from closing transactions to creating loyal, profitable, long-term customer partnerships.
- A corresponding new set of emerging core sales competencies that match the changing role of the salesperson. These competencies include: creative thinking and breakthrough action; high-level communication; questioning and dialogue skills; win/win consensus building among diverse stakeholder groups, business analysis, and strategic thinking skills.

## BEST PRACTICE RECOMMENDATIONS

1. Clarify and align sales training goals and roles with desired future state business strategy.

Both Company A and Company B provide examples of realigning sales training to strongly support strategic business goals. Best practices include designing sales learning from a customer and market perspective inward, instead of the more typical product outward focus. The focus needs to be on the buying decision – what causes customers to commit to strategic alliances with a supplier – not the selling process. Salespeople need to learn how to consistently practice customer behaviors that will support a buying decision in their favor.

2. Create consistent field management buy-in.

Given the strategic changes in how companies go to market, any sales training program or initiative needs to be supported by a comprehensive, integrated, “best-of-class” change management strategy. For Company A, this strategy has included strong top-down advocacy and constant reinforcement in the form of post-training mentoring and manager coaching. In the case of several companies studied, the most important driver of change was a shared realization by the entire organization of the external market forces that make change inevitable, and resistance to change destructive to both company success and individual careers.

3. Synthesize and align training offerings around desired future state business strategy.

Whether the offerings are Web-based programs in product knowledge or in selling skills the best practice is to treat sales training as a critical corporate investment in human and knowledge capital with significant enterprise value. Leading companies put a stake in the ground about how people perform, and thus how learning, organization-wide, must support that performance. Product knowledge then becomes knowledge capital that is shared with 3rd party resellers, strategic partners, and customers.

#### 4. Integrate products and services.

In research conducted by the H.R. Chally Group, companies rated as World Class Sales Performers were distinguished, in part, by their sustained focus on their customer's internal core competencies. Customers look to suppliers to provide needed expertise in areas outside the customer's core competencies. Valued suppliers did more than supply excellent products and services; they acted as "business partner consultants." The implication for sales training is that the customer's experience of both products and services needs to be seamlessly consistent. Trying to sell value-added services with a traditional "features-benefits-cost" approach creates a potentially fatal disconnect in the customer's mind.

#### 5. Develop and measure desired skill proficiency.

At Company B, a Salesforce Automation system makes critical account knowledge available real time to salespeople and managers. This shared information allows managers both to evaluate the effectiveness of each rep's account planning and to coach on an instant, case-by-case basis. Companies that use Web-based training are also able to test product and process knowledge proficiency on-line.

#### 6. Create corporate-wide learning partnerships.

Company B illustrates one critical learning partnership – between manager and salesperson. At Company A, the development of a knowledge management community (see below) also supports ongoing coaching and mentoring. After salespeople graduate from a sales training program, they are paired with an experienced mentor to ensure that learning transfers directly into confident, sustained practice in the field. At Company C, managers are expected to devote at least 40% of their time to coaching their sales teams.

7. Create and implement a field e-learning strategy that combines the best of “high tech” and “high touch” approaches.

Best practices include a comprehensive, “clean slate” needs assessment to clearly define the initial body of knowledge that needs to be conveyed. “Learners” include all those involved in providing value-added services to customers – including the customers themselves. Then an analysis process is used to assess the information management structure and its requirements for instructional design. This results in a core repository, or knowledge-base, of the information that must be available and conveyed to the user. The final step is to create a set of information and training products that take that core knowledge and reconfigure it to the requirements of the delivery environment – which typically includes the most cost-effective combination of:

- Group sessions based on self-managed adult learning rather than traditional classroom teaching. These sessions can include CD-ROM or video materials that allow learners to observe, practice, gain feedback, and then re-practice critical skills.
- Simulations, field projects, and other action learning strategies that allow participants to apply what they have learned and then receive real world, real time feedback from coaches, mentors, and/or customers.
- Web-based communication strategies that allow companies to go to market immediately with new products, services and initiatives.
- Knowledge repositories that put critical information at salespeople’s fingertips on a Just-in-Time, customer-centered basis and also support the development of communities of practice around best customer solutions.

## Sales Training Overview

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What companies have traditionally considered to be “Sales Training” is in the midst of a fundamental shift in emphasis, delivery, and organizational impact. If anything, the changes described in this report will accelerate in speed, expand in scope, and take new, unanticipated forms in the next few years.

Ten years ago, “Sales Training” typically consisted of pulling salespeople out of the field for several days of formal classroom instruction conducted by a corporate sales training staff. For new hires in some industries, this initial training could be as long as several weeks. For experienced salespeople, formal refresher courses of 2-3 days were commonly used to improve skills or help the salesforce adapt to new market trends, strategic initiatives, or competitive challenges.

A second focus of “Sales Training” involves new product launches, and the typical approach has been the same formal classroom setting, delivered either in small group sessions on a regional basis, or, more typically, to the entire salesforce in annual meetings.

Traditional “Sales Training” is still widely used today, but changing market conditions, and the rapid evolution of technology as a learning tool, are increasingly making this traditional approach obsolete.

## BUSINESS CHALLENGES IMPACTING “SALES TRAINING”

- Increasing global competition.
- Mergers and strategic alliances which can dramatically change the balance of power in the competitive marketplace.
- Increased and unpredictable challenges from non-traditional competitors and new distribution models (e.g., e-commerce) which can strip a company of its market share and rapidly degrade its customer base.
- Shorter product life cycles (often accompanied by increased costs of new product development).
- A demand for dramatic improvement in time-to-market cycles.
- Blurred competitive distinctions as industries deregulate and markets become globalized.
- A shift in the balance of power from seller to buyer – driven by more diversified, knowledgeable, and demanding customers.
- In many industries, a glut of similar products and services, which are hard for customers to differentiate between – thus blurring a company’s positioning in the market.
- The need, in business-to-business selling, for suppliers to provide value-added solutions that help their business customers meet the above challenges themselves.
- The need, in consumer sales, to provide life style value for customers (e.g. saving time).

## KEY BUSINESS RESPONSES THAT IMPACT “SALES TRAINING”

1. A shift from mass market approaches to highly diversified strategies aimed at equally diversified markets and employing a range of different distribution channels (direct sales, internet sales, 3rd party/broker strategic alliances, etc.).
2. A focus on customer/client differentiation through segmentation and targeting strategies that help companies maximize the value they offer and the results they achieve from different customer segments.
3. An emphasis on sustainable profitability as a critical sales goal, achieved through loyalty, retention, and “share of customer” programs aimed at a company’s best customers/clients.
4. A recognition of the need to protect a company’s customer franchise through individualized value-added services and strategic partnerships.
5. Integration of traditionally separate functions involved in revenue generation: sales, marketing and customer service. For many service leaders, all of a company’s core business processes are integrated around the goal of providing superior, sustainable value-added service to customers.
6. The need for a comparable unswerving focus on a company’s core strategy and competencies, competitive positioning, and value proposition – combined with the integration of all sales and service efforts around those strategic business drivers.
7. The need to treat a salesforce as a company asset in terms of selecting, developing and retaining the best salespeople/service providers.
8. The need to change the sales manager’s role from “managing the numbers” to coaching high-performance teams and providing skilled leadership in the marketplace.
9. A related need to free up sales managers from “managing the results” – usually an after-the-fact reaction to their markets – to a more proactive leadership role in creating a high-performance sales team.

## CONCLUSIONS

1. What has traditionally been called “sales training” needs to be viewed as a critical organizational initiative implementing a company’s core strategy. That response is an investment in human capital directed at both a company’s most desirable customer segments and all its managers and employees who serve or otherwise add value to those customers.
2. That investment in human capital needs to be treated like any other investment – focused, targeted, measured and evaluated against corporate strategic goals, competitive challenges, and marketplace opportunities.
3. The “content” of what salespeople and managers learn needs to reflect and strongly support a company’s core value proposition and strategic goals. In a services-based business, that emphasis involves a significant shift from transactional selling of products based on price to customized business solutions – jointly created with customers/strategic partners in order to maximize value for both seller and buyer.
4. The “event-oriented” classroom-based training approaches of past decades need to be replaced by the right balance of technology-driven, just-in-time learning, Web-based knowledge management, and real-world, real time personal coaching and mentoring. In effect, the best learning solutions will be based on current and emerging best practices that combine “high tech” and “high touch” approaches.
5. The “cognitive” emphasis on product knowledge needs to be balanced by real world learning and feedback in the relationship building skills that drive successful partnership relationships with customers. The same balance needs to be created between “high tech” and “high touch” learning strategies.
6. Measures of success such as market share and sales volume need to be modified to reflect the correspondingly higher value of loyal customers whose behaviors support the company’s strategic goals. Just as successful selling requires an increasing targeting of efforts against different customer segments, so, too, do financial measures need to reflect actual success or failure in encouraging those customer behaviors that actually create successful performance.

7. Quantitative measures need to be balanced by qualitative measures that provide immediate indications of how well a salesforce is developing the trust and credibility with customers that directly leads to greater, more sustainable profits.
  
8. Sales managers need to be supported in their evolution into coaches and leaders with specific, hands-on training in coaching and leadership skills, and perhaps by technology supported initiatives such as Salesforce Automation that reduces the time they spend on paperwork and reporting – tasks ideally suited to information technology.

## THE CHANGING ROLE OF THE SALESPERSON – WHAT SALES TRAINING “TRAINS”

Traditional Selling	Value-focused Selling	Implications for Sales Training
The seller has (or seeks) to control the interaction The buyer has the ultimate control over the purchase decision	The buyer has the ultimate control over the purchase decision	Salespeople must learn how to adapt flexibly to a customer's requirements – while still meeting their own goals and quotas
The seller's job is to convince the prospect/ customer to buy the product/service	The seller's job is to support the buyer's aspirations	Salespeople must learn how to develop and support a high level of trust with each customer
Everybody needs the product or service; they just need to be convinced that they need it	The product/ service will be bought by customers for whom it represents significant added value	Salespeople must develop the creative thinking and problem solving ability to be a value-added resource for customers
Selling is a numbers game; if you pitch the product/ service to enough people, you'll make your quota	Buying is a value/profit game; sellers will find the right customers and match them with the right products/services	Salespeople must learn how to effectively segment their markets and target their sales efforts to high-value customers
The salesperson knows all the answers and drives the sale	The salesperson knows the right questions to help the prospect/customer make a good buying decision	Salespeople must develop truly superior listening, questioning and dialogue skills with both customers and their own colleagues
Success is measured in “share of market”	Success is measured in “share of customer”	Salespeople must learn how to grow accounts strategically, and to deepen their penetration of key accounts to achieve strategic impact in business-to-business selling
Selling is competitive; the customer is the “opponent”	Buying is collaborative; the customer is a potential value-added partner	Salespeople must master high level win/win negotiation skills and apply creative thinking skills to look for ways to create shared value between buyer, seller, and 3 rd party partners
Buyers can't be trusted; selling is a “me against you” competition	Buyers and sellers trust each other, are honest with each other, and work on an “us against the problem” basis	Salespeople have to learn how to balance their responsibilities to their own company with genuine customer advocacy
Selling is an individual game for superstars	Selling is a competitive team effort	Salespeople have to learn how to work in a wide range of flexible team environments
Territories are local	Opportunities may be global, or may cross organizational boundaries	Salespeople have to learn how to maximize the value of technology as a communication, market analysis and learning tool

## INDUSTRY EXAMPLES OF SALES TRAINING CONTENT

Sales Training Content	Telco/ Service Provider	Systems Integrator	Computers Software	Computers Hardware
Consultative Selling	Company A	Company B	Company D	
Business-to-business consulting	Company A	Company B		
Creative problem solving/ breakthrough thinking	<i>No industry examples</i>			
Web-based product knowledge courses	Company A			Company E Company F
SFA tools keyed to improving selling and coaching skills		Company B		
Formal coaching/mentoring skills for managers and salespeople	Company A Company C			

### KEY FINDINGS

Most companies surveyed have already created consultative sales training programs in-house or have contracted to a supplier to provide this training. Various delivery options are discussed in the next section of this Report.

Many companies augment consultative selling skills training with more specific training/learning in the skills, knowledge and capabilities required for business-to-business selling.

In the research for this project, we did not find industry examples of training in creative problem solving skills for business solution salesforces.

Company A has integrated a variety of learning approaches (classroom, Web-based learning, CD-ROM, self-study) into a comprehensive program to equip salespeople with the skills, knowledge and capabilities to effectively carry out a business-to-business consultative sales strategy.

We found a few companies that have created Web-based materials and training courses in product knowledge. These resources are available for direct salesforces and 3rd party resellers/ strategic partners, and can be re-purposed for customers and prospects.

Company B has used SFA successfully as a training methodology to help salespeople focus their efforts on sales strategies which support the company's business-to-business initiatives, and to increase the amount of time managers can spend coaching their salespeople.

Company C provides guidance and training support for sales managers in coaching high-performance sales teams. Managers are expected to devote 40% of their time directly to coaching activities. Company A provides on-going mentoring support for salespeople following training programs.

## SUCCESS STORIES

1. Company B has successfully built its own SFA system (using readily-available and existing Lotus and Microsoft software) that:
  - Strongly aligns with its business consulting strategic direction
  - Provides the critical account information that allows salespeople and managers to implement the strategy on a real-time, targeted and customized basis
  - Puts critical customer information at the salesperson's, manager's, and even customer's fingertips
  - Allows managers to perform high-value, real-time coaching
  - Supports an organization-wide change management strategy aimed at creating flexible, value-added consultative customer relationships
  
2. Company A successfully integrated the purchase of Mosaic's Customer Relationship Management System into a business communication strategy that:
  - Aligns the differing needs of diverse global markets within a single core approach
  - Combines all the information salespeople and customers need into a single knowledge management system
  - Integrates the myriad pieces of information that represent the company's knowledge capital assets
  - Supports reorganization of the salesforce to flexibly meet the unique needs of different customers
  - Supports Company A's change management strategy from price/product sales practices to business-consulting, value-based relationships

Key elements in Company A's change management strategy:

- Strong top-down advocacy and support
- Clear articulation of company vision, value-proposition and competitive positioning,
- Significant investment in needs analysis in all global markets
- Web-based sales/service knowledge systems that “force” coaching dialogues that support desired change
- Ongoing coaching and mentoring support

This integration is supported by a mixed training strategy of formal classroom teaching, mentoring, Web-based knowledge development, Web-based self-study and personal mastery, real-world simulations, and action learning. They are currently assessing strategies to evaluate and measure the effectiveness of this combined learning strategy.

3. Company F uses an Intranet-based training program to provide training in both products and selling skills, thus allowing reps and resellers to:
  - Develop skills and learn about new products while spending more time in the field
  - Reduce training time in new products by close to 75% (for a salesforce of 5,000 distributors and 2,000 direct salespeople), creating a significant time-to-market advantage

The Intranet-based program is supported, where needed, by CD-ROM modules for global markets where the telecommunication resources for Intranet training don't yet exist.

4. Company E provides its channel partners with online product training that:
  - Increases customer satisfaction through competent consulting and business advice
  - Helps channel partners differentiate themselves in the market through qualification and certification
  - Increases sales volume for its channel partners
  - Increases margins

5. Company H combines teleconferencing with Web-based presentations to:

- Prepare account teams for highly customized customer presentations, incorporating the account team's first-hand knowledge of customer needs with the latest in new product technology
- Share potential solutions interactively with prospective customers
- Reach strategic decision makers in customer organizations
- Significantly shorten sales cycles and reduce training time and expense

## SAMPLE COMPREHENSIVE STRATEGIC PLAN FOR INTEGRATING SALES LEARNING



In today’s competitive marketplace, the sales training function has a dramatically larger scope that includes both strategic and tactical elements. Sales training needs to be seamlessly integrated with a company’s overall strategy for marketing, distribution and services. It needs to equip salespeople to maximize the knowledge available to them in making tactical business decisions with customers that maximize their company’s long-term leverage with customers as a business partner. Sales training in this environment is a critical expression of a company’s unique value, core competencies and corporate culture.

As salespeople develop strong strategic customer relationships, they become an increasingly important asset to be retained. It is just as cost-prohibitive to replace a high-value salesperson as it is to replace a high-value customer. Retention may mean that “sales training” needs to concentrate on strategies that build salesforce loyalty, self-motivation and personal integrity.

## CONCLUSIONS

While there are examples of emerging best practices in many companies or within divisions of larger companies, we did not find any one company that appeared to have integrated all the various best practices. What people learn and how they learn it is increasingly becoming confidential information – as much a “trade secret” in attracting, retaining and developing an outstanding workforce as more traditional product-based proprietary information.

In designing a comprehensive sales learning system, companies should consider:

1. Focusing training initiatives on market segments. What needs does each customer segment typically have? What sales behaviors will add the most value to the members of each segment? What consistently repeated sales behaviors will most strongly influence those decisions which lead directly to desired outcomes?
2. Identifying gaps between how salespeople have learned to sell and the current and emerging service/value demands of their customers. What old habits, beliefs, assumptions and practices will salespeople need to unlearn? What new competencies will they need to develop?
3. Evaluating business systems. How do the organization’s structure, recruiting and hiring practices, compensation/reward systems, support systems and core businesses processes support the desired role of salespeople? How do they get in the way?
4. Creating integrated knowledge systems: How can critical information be made easily available to support and encourage desired growth on the part of salespeople and make it easier for them to sustain desired behaviors?
5. Realigning measurement systems. How can performance be measured and rewarded in ways that support desired sales behaviors?

6. Fostering on-going learning. How can managers model and coach the goal of continuous improvement?
7. Considering the importance of the following sales competencies and which groups in the organization need to master them:
  - Rapport/ trust-building skills
  - Listening/acknowledging skills
  - Information management skills
  - Technology skills
  - Opportunity analysis skills
  - Competitive positioning skills
  - Questioning/discovery skills
  - Creative problem solving skills
  - Conflict management/consensus building skills
  - Strategic account management
  - Business development skills
  - Dialogue skills § Influencing skills § Team leadership skills
  - Presentation skills § Win/win negotiation skills
  - Coaching/mentoring skills

## LEARNING APPROACHES – HOW SALESPEOPLE LEARN

The following approaches represent the choices a company has in evaluating how best to train its salesforce. Examples of how these approaches are being used by successful salesforces follow.

Learning Approach	Advantages	Disadvantages
Informal, ad hoc, on-the-job training	Lowest possible cost; learning takes place close to customer.	Focus and content can vary from manager to manager – typical pattern: “Here’s how I do it.” Typically very little concerted organizational strategic focus.
Formal classroom instruction ▪ Off-the-shelf	Can represent the lowest cost for classroom instruction; learning takes place in a structured environment,	Typically no relationship between training and either the real world of the customer or the company’s strategic goals, mission, values, positioning, etc. Quality varies greatly based on the instructor; without structured, sustained follow up, business impact is typically low.
▪ Customized	Can be tightly connected to the real world of the customer and company’s strategic goals, mission, values, positioning, etc. With structured, sustained follow up, business impact can be high.	Typically high cost; quality varies greatly based on the instructor.
▪ Off-site (Public programs)	Can be effective for individuals with remedial or basic needs.	Often high cost; typically no relationship between training and either the real world of the customer or the company’s strategic goals, mission, values, positioning, etc.; quality varies greatly based on the instructor; without structured, sustained follow up, business impact is typically low.
Interactive media (e.g., CD-ROM)	Opportunities to model best practices, create structured skill development, provide learning experiences close to customer’s world. can strongly support company’s strategic goals, mission, values, positioning, etc.	Cost effective for large groups of salespeople; quality can vary widely based on design/ production.

Learning Approach	Advantages	Disadvantages
Web-based learning/ communication ■ Web-based internal sales meetings	Significant cost savings (no travel); supports JIT mass communication for product launches, rapid response to new opportunities and challenges etc.	Value related to number of participants, level of interaction, Q&A, etc. – around 100 participants appears to be the maximum for effective communication
■ Web-based customer/client meetings	Significant cost savings; opportunity for customers/ clients to experience what they buy or even to choose best buying decision collaboratively with salesperson.	Dependent on customer/client technological capabilities. No personal contact, so lower closing potential if not supported by face-to-face meetings.
■ Web-based self-paced product training courses (for both salespeople and 3 rd party VAR's)	Significant cost savings; JIT learning; efficient value-added service for VAR's, strategic partners/ distributors. Can strongly support the company's strategic goals, mission, values, positioning, etc.	No (or limited) opportunities for personalized learning, Q&A, etc.. Because technology is new, quality and cost-effectiveness can vary greatly. Requires very thoughtful design analysis (buy or build).
■ Web-based generic selling skills courses	Significant cost savings; effective for remedial learning or communication of basic content/skills.	No (or limited) opportunities for personalized learning, Q&A, etc.. Because technology is new, quality can vary greatly. Because of generic nature, business impact is typically low.
Learning repository/ Collaborative (Distance) learning  ■ As a sales tool, allows salespeople/managers to instantly access best practices, share industry knowledge  ■ As a learning tool, provides trainees with the best available skill and process models	Significant potential cost savings; strong JIT learning capabilities. Learning can evolve along with market changes, customer opportunities, and field-based best practices; can support a “community of practice” that strongly supports the company's strategic goals, mission, values, positioning, etc.	Because the technology is new, cost and quality can vary widely; often relies on the willingness of salespeople to contribute ideas, share opportunities, etc. Effectiveness also depends on investment in communications technology and skill/willingness of salesforce to use these new tools.
Formal coaching/mentoring	Rapidly emerging as a critical success factor in improved sales performance regardless of other types of learning approaches used. Most effective when combined with job-reengineering for managers (SFA-based).	Requires significant commitment of time by sales managers/mentors. Requires significant training/change management strategies to ensure that coaching/mentoring strongly supports the company's strategic goals, mission, values, positioning, etc.

## INDUSTRY EXAMPLES

Note: These are examples only; this is not intended to be an industry-wide, comprehensive survey.

Learning Approach	Telcom/ Hardware	Telcom/ Service Provider	Systems Integrator	Computers Software	Computers Hardware
Formal customized classroom instruction	Company A (plus Web-based training/ CD ROM)	Company C	Company B	Company D	
Interactive media (e.g., CD-ROM)	Company A	Company I PCS			
Web-based learning/ communication <ul style="list-style-type: none"> <li>▪ Web-based internal sales meetings</li> <li>▪ Web-based customer/client meetings</li> </ul>				Company J, Company K	Company H  Company H
<ul style="list-style-type: none"> <li>▪ Web-based, self-paced product knowledge courses (for both salespeople and 3rd party VAR's)</li> </ul>					Company E, Company F
<ul style="list-style-type: none"> <li>▪ Web-based selling skills courses</li> </ul>	Company A				Company F
Learning repository				Company J	Company L
SFA tools that support sales development and coaching	Company A		Company B		
Formal coaching/mentoring	Company A	Company C			

RESULTS FROM THE 1999 CBT REPORT –  
 Representing 511 companies most active in the CBT community

Percentage of training delivered via CD-ROM or LAN-based CBT (80% said this type of training delivery is growing) .....	.23%
Percentage of training delivered by tradition classroom methods (60% said this type of delivery is decreasing) .....	.67%
Percentage of training delivered via the Web (78% said this type of delivery is growing) .....	.8%
Types of offerings (more that one response was allowed)	
▪ Self-paced courses .....	.78%
▪ Learning repositories .....	.34%
▪ Collaborative learning .....	.28
▪ Virtual classrooms .....	.21%

### CONCLUSIONS

In the future, companies in technology-driven, business-to-business markets will need to:

1. Drive learning in alignment with strategic direction, core competencies, competitive positioning and unique value propositions; what people learn needs to have enterprise value.
2. Merge product information knowledge management systems with sales training and coaching to:
  - Give salespeople automated tools to do a better job as value-added business consultants.
  - Give managers access to the same tools to help coach salespeople to make better decisions.
  - Give customers immediate, value-added information about how they can achieve their business goals with the supplier’s products and services.
3. Create an appropriate mix of “high tech” and “high touch” learning approaches that:
  - Maximizes the time and dollar training/learning investment,
  - Helps individual salespeople and managers effectively handle the very real pressures that accompany change,
  - Captures emerging best practices and customer intelligence and makes that competitive knowledge capital immediately available throughout the entire organization,
  - Fosters a commitment to ongoing individual learning and the development of expert communities of practice within the organization so that knowledge and best practices developed in the field are immediately available to the entire organization and easily shared and leveraged with customers world wide.

## COST ANALYSIS OF CONVENTIONAL AND WEB-BASED TRAINING

Learning Approach	Cost <sup>1</sup>
Formal classroom instruction <ul style="list-style-type: none"> <li>▪ Off-the-shelf (3 days) Costs include participant materials</li> </ul>	Typical instructor fees per 3-day session – ..... \$6,000-\$30,000 Trainer certification per trainer – ..... \$2,000 - \$3,000 Typical 3-day program cost for 500 salespeople (not including transportation and per diem, venue, or lost opportunity costs) – ..... \$120,000 – \$600,000 Per salesperson training cost – ..... \$240 - \$1,200 Total average costs per salesperson (including transportation and per diem, venue ) – ..... \$4,240 - \$8,200 Total costs for 500 salespeople – ..... \$2,120,000 - \$4,100,000
<ul style="list-style-type: none"> <li>▪ Customized (3 days)</li> </ul>	Typical development costs for one finished day of training – ..... \$10,000 - \$20,000 Average development costs (3-day program) – ..... \$45,000 Typical instructor fees per 3-day session – ..... \$9,000 - \$30,000 Trainer certification per trainer – ..... \$4,500 - \$12,000 Typical program cost for 500 salespeople (25 sessions – outside instructor 3-days @ \$15,000 plus \$2,500 travel per program) – ..... \$437,500 Per salesperson training cost – ..... \$875 Total average costs per salesperson (including transportation and per diem, venue ) – ..... \$4,540 - \$8,000 Total costs for 500 salespeople ..... \$2,270,000 - \$4,295,000
<ul style="list-style-type: none"> <li>▪ Off-site (Public programs)</li> </ul>	Average per-salesperson cost per 3-day program – ..... \$1,200 - \$3,500 Typical program cost for 500 salespeople – ..... \$600,000 - \$1,750,000 Total average costs per salesperson (including transportation and per diem, venue ) – ..... \$1,200-\$3,500 Total costs for 500 salespeople ..... \$2,350,000 - \$5,000,000

<sup>1</sup> Sources: *HRMagazine*, July, 1998, *Sales & Marketing Management*, June, 1997, *CBT Report*, Ziff-Davis, 1999, other industry sources



## CONCLUSIONS

1. By itself, conventional classroom training is becoming the most expensive, least effective way to train salespeople. Costs can average \$5,000 - \$8,000 per salesperson or more for a 3-day workshop.
2. Web-based learning can include start-up costs of \$100,000 to \$300,000 – more if the company is also implementing SFA systems (at a typical cost of \$10,000 to \$20,000 per salesperson once training costs are included).
3. The cost and effectiveness of Web-based learning lie in the ability to upgrade content quickly and cheaply, so that knowledge remains constantly current.
4. Given the importance of manager coaching, intensive group sessions might focus on managers, not salespeople, and emphasize mastery of coaching, rather than just selling skills. Costs for a combined “high tech/high touch” strategy that maximizes Web-based learning for salespeople and customized workshops for managers could average \$500 per salesperson and \$5,000 per sales manager.

## 5. APPENDIX

# 21st century training

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Sales & Marketing Management; *Kahn, Robert M*; 06-01-1997

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It's already happening: Reps are being trained over the Internet, Intranets, and CD-ROMs. Could classrooms become extinct?

*SALES TRAINING IS GEARING UP FOR A WIRED FUTURE.*

During the past 18 months, big and small businesses alike have been trading classroom training for technology-based programs that are available over the Internet, corporate Intranets, or on CD-ROMs. The trend is sure to continue. Not because wired training is slicker or jazzier, but because it's cheaper, say users and program developers. One company estimates that it typically costs \$8,000 to train one salesperson at a three-day, instructor-led course. That's \$1,500 for an instructor, plus airfare, hotel, and a per diem for trainees. Then there's overhead associated with the venue. What's more, if a salesperson is out of the field, there's a large lost opportunity cost: reps make money when they're in front of customers, not sitting in a classroom.

Says one marketing manager: "It's not cost effective to bring salespeople together at a meeting all the time. If you can train using technology, you can recognize big benefits."

Increasingly, companies are providing sales skills training over the Internet. Businesses that want training available in a Web format can set up programs on their own internal Intranets, which allow access only to the companies' reps and distributors. Whether located on the World Wide Web or an Intranet, these programs are accessed via a central server. Users study text on screen and often participate in interactive assessment tests. Other companies have opted to use CD-ROM technology for training, bypassing the slow speeds and lack of video associated with Net-based tools.

So far, video-friendly CD-ROM is the more practical vehicle for technology-based training, but over the long term, the Internet and Intranets will take over, says Tom Minero, president of Training Resources Inc., a Clifton, New Jersey-based company specializing in sales automation training. “I think what most people are realizing is that the training has always been a crafted product where you brought twenty-five people into a room,” he says. “But of course that wasn’t very cost-effective. Now, for the first time, people have found a technology that actually works. What it does is allow us to take training and turn it into a commodity.”

## INTRANET SAVINGS

**SALESPEOPLE AT SUN** Microsystems Computer Company in Mountain View, California, are already learning that firsthand. Lifecycle Selling Inc., a sales training firm in Foster City, California, recently developed an Intranet version of its training program for Sun. Users log onto a centralized server and call up a browser that steps them through the Lifecycle Selling application. “What we’ve done with Sun is put together an Intranet-based course that provides classroom training outside the classroom, so their sales reps can now spend more time in the field,” says Rick Brown, Lifecycle’s president.

Those time savings can add up. For example, Sun just launched a new set of enterprise servers (a huge server with mainframe capability). In a typical training class, the optimum size of a classroom is about 25 to 30 trainees. In the case of Sun, which has 5,000 distributors and 2,000 direct salespeople, it could take more than a year to effectively train all the direct and alternate sales channels. “If you can offer {training} over an Intranet or the Internet, you can shorten training time by probably seventy-five percent,” Brown says. “You have now recouped a tremendous time-to-market advantage in that you have adequately trained both your direct and alternate channels to effectively sell a new product line within three months instead of more than a year.”

Sun has started the Lifecycle program on its own Intranet and CD-ROMs, and plans to eventually make it available on the Internet. The company has reported that it expects to cut its Sales training costs by as much as 50 percent with these techniques.

“It’s an expansion to our sales methodology,” explains Kat Barclay, director of worldwide field training for Sun. “This is a sales tool that can be used if you’ve got an account call the next morning. It can refresh your memory before your call.”

Barclay asked Lifecycle to develop Sun’s Intranet program because she needed something that would enhance the other sales courses that are taken in the field. She looked for a program that could be written into a Web-based format. “We did it, and it worked,” she says.

Barclay estimates that 500 Sun field reps currently use the system. Eventually, Sun’s resellers will be able to access the same types of training courses via the Internet.

## BILLION-DOLLAR BUSINESS

THE ENTHUSIASM FOR computer-aided training has led many companies to place their bets on the World Wide Web. The U.S. Internet-based training market, estimated to be worth \$19 million in 1995, will grow to \$1.7 billion by the end of the century, according to Ellen Julian, research manager for International Data Corporation in Framingham, Massachusetts.

Some of the products on -- or preparing to enter -- the Internet-based training market (also called) include Lifecycle, ToolBook II, LearnItOnline, and N/able.

Seattle-based Asymetrix provides online training via its ToolBook II product line. The programs let users convert applications directly into HTML and Java, the industry standards for Internet content. That means anyone with a Web browser can access training material created with software like ToolBook II Instructor and ToolBook II Assistant, authoring tools for professional course developers.

Asymetrix supports both Intranets and the Internet, but Marketing Manager David Burke sees an advantage to offering training over an Intranet. “In all networks, you’re limited to your lowest common denominator,” he says. “With the Internet, that’s a telephone line. With an Intranet, you can have video and audio, because an Intranet is usually based on an internal network.”

Burke adds that the tools his company offers are flexible, so users can choose how sophisticated a program they want to develop. “If it’s for the Internet, we help them understand they should use text or simple graphics,” he says. “But if you’re developing for a corporate Intranet, we tell them to take advantage of the capabilities that let you add audio, video, and animation.”

Logical Operations’ LearnItOnline provides online software training for people who are learning how to use a word processor, a spreadsheet, or a contact manager like ACT. If your salesforce was upgrading from Windows 3.1 applications to Office 97, you could send reps to specific company modules on the Internet for at-their-desk training. The company offers training on all the popular application software from Corel, Microsoft, Lotus, and Novell.

Like other programs of its ilk, the system has three major features: it’s transportable; it has a centralized administration, so if you’re in charge of a salesforce automation rollout you can see who’s logged in and what kind of training they’ve taken; and it has an assessment feature--take a test and it will point you to the tutorials you need to improve your skills.

Prices are based on the library of courses a company purchases, the number of users, plus the length of time for which the programs are ordered, in this case, a three-, six-, or 12-month period. When you get up into the thousands of people, training runs about \$20 to \$30 per head. At the first entry point, 50 people, it’s less than \$100 per person, per year. The pricing model was devised to compete against a day of classroom training, which typically costs \$150 per person just for the training, before travel, lodging, and meal expenses are factored in.

KN Energy, a Lakewood, Colorado, natural gas company, currently uses the Internet-based product for training remote users on an array of Microsoft programs, including Windows 95, Word, Excel, and PowerPoint. The firm is expanding into rural parts of the American West, like Gillette, Wyoming, and has satellite offices in Montana, Kansas, Texas, and Nebraska-but has the services of just two training professionals who can’t possibly work with all the KN Energy employees throughout the country.

So Sharon Pike, KN's training manager, gave out 10 LearnItOnline subscriptions to employees in Wyoming last March to see how the service would be received. Although instructor-led classes are still the most ideal method of training, Pike feels LearnItOnline will save money in the long run. "The feedback we've gotten from the Wyoming location is that this is really going to add value," Pike says. "To go to some of our remote locations, to send an instructor, airfare is at least \$1,000, plus there's an overnight hotel stay. So we're promoting this internally as one of the first choices to use."

Another recent entry to the market is Network Publishing's N/able training infrastructure. Like other programs, N/able purports to reduce the amount of training time learners spend by tailoring the curriculum to their particular needs. Participants are profiled and tested to assess experience, knowledge, and skills. The program then directs them to the appropriate learning materials.

#### HERD MENTALITY?

NOT EVERYBODY IS sold on the virtues of Internet/Intranet training. Some argue that there are better multimedia training alternatives. For instance, CD-ROMs lend themselves to extensive video and graphics-heavy displays. Minneapolis-based Wilson Learning Corporation, one of the nation's oldest sales training-firms, with clients as diverse as Norstar Steel, NationsBank, and IBM, distributes a series of about a dozen CD-ROM programs that help train people in live video simulations relative to sales and management.

"I'm certainly a supporter of the Internet and Intranets, but in the herd mentality toward them, we're not discussing enough about CD-ROMs," says Steve Bainbridge, Wilson's director of interactive media. "The hardware and software people have brainwashed everyone with talk about 'the next big thing.' You get these wild things like, 'Everything needs to be on the Internet.' Why? Did we close down radio because now we have TV? CD-ROM is a capability that allows you to handle 'fat' media. The Internet can handle 'thin' media {text, some graphics, voice} but anything else is excruciatingly slow. CD-ROM is highly portable--I can take it on an airplane and I don't need to dial in to a service provider to get in."

Wilson's CD-ROM titles include: "Sell to Needs," a consultative program; "No Trust? No Sale!", which focuses on building relationships; and "Start to Sell," which addresses introductory issues of selling. "We can present these ideas, and the neat thing CD-ROM does is we can then take you into a real-life situation, have you practice those skills, and have a client in your face yelling at you."

Wilson's customers enjoy the flexibility their CD-ROMs provide. "We use their interactive product to support their seminar programs," says Dan Shirk, vice president of sales for Minneapolis-based Walman Optical, an optical-supply wholesaler. "We use it to reinforce the sales staff and as a coaching tool."

In fact, Walman now has more than one third of its 65-member sales team using the programs on a regular basis. "If they feel they're missing something in their presentation, this gives them the opportunity to revisit their training in a safe environment," Shirk says. "It allows them to practice it and get their skills back to speed."

Even Logical Operations, while doing a full-court press for LearnItOnline, realized there is a market for CD-ROM training, prompting them to release the Custom Classroom Library, training vignettes similar to those available on their Web site. "There's a happy medium," says Jerry Weissberg, vice president and general manager of Logical Operations. "We take the same training and make it available on CD-ROM because some people just aren't using the Internet."

A good sales training program makes use of at least two, and preferably three types of media, adds Sun's Barclay. "There are places in the world where we don't have telecommunications as well as we do in the U.S., so we have it on CD."

Like Internet-based programs, the CD-ROMs can be applied to extend into audiences that won't be given the budget to go to a seminar, such as large telemarketing departments. Says Bainbridge: "Sales training is still done in groups of fifteen or twenty, but the CD-ROMs are provided as 'pre-work.' The idea is to get as much content done out in the field on a CD-ROM and then, when you get together as a group, where you've spent money on airplanes and hotels, to actually solve the business problem at hand, namely, 'How are we going to sell this to our client base when we go back to work Monday morning?'"



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